

FISCAL MEMORANDUM

SB 1940 – HB 1968

March 27, 2007

SUMMARY OF AMENDMENT (005173): Limits the term of any bonds issued in conjunction with the provisions of the bill to a duration of 20 years. Requires that the servicing of the bonds is subject to review by the Comptroller of the Treasury. Includes a sunset provision for July 1, 2008.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Local governments may choose to issue such bonds if it is believed that more can be earned from investing the proceeds of the bonds than the cost of debt service. Such increased earnings may or may not take place. The cost for the issuance of debt can be high. The specific cost will vary depending upon the terms and timing of the issuance. The return on the funds invested from the proceeds of the bonds cannot be projected due to the variability of the return on various investments and the variability of the market in general. Local governments may experience a net increase or a net decrease in revenues and expenditures associated with the issuance of such bonds and their subsequent investment. The amount of such increases or decreases cannot be quantified but are estimated to be in excess of \$100,000 due to the size of a bond issuance which can reasonably be estimated in excess of \$1,000,000. Any debt issuance on the part of a local government would be permissive.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumption applied to amendment:

- The provisions of the amendment will not have any impact on state or local government revenues or expenditures beyond the scope of the original bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/ce